does not represent accumulation out of vast profits or issues of new shares at a premium, and does not involve a bonus by the sale to existing shareholders at a price below the terms which could be got in the market, but is at first sight pure water, representing merely possibilities, perhapses, and potentialities.

This kind of Bonus share is chiefly known on the other side of the Atlantic, and is usually damned with bell, book and candle by purists among English financial critics. We say on this side of the water that every pound of an English well-financed company represents a pound which has actually been spent and put into tangible assets which help the company to earn profits. This boast is by no means true, since nearly all industrial companies come into being with something paid for in the shape of good-will, which is of enormous importance, but can hardly be called a tangible asset; and even in the case of our railway companies, many millions of original capital went into Parliamentary and legal expenses, which have been, in one sense, dead capital ever since, though without this expenditure the railways could never have got to work. The American system of Common shares, representing what appears to be water, is only a modification of what every company has to do, in one form or another, on this side or anywhere in the

world.
Wherever an existing business is bought out some-
thing has to be given over and above the old iron
value of the concern for the value of the connection
and other intangible assets. Wherever an entirely
new industry is started it has to meet certain initial